

**REPORT OF THE AUDIT OF THE  
CASEY COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2020**



**MIKE HARMON  
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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Randy Dial, Casey County Judge/Executive  
The Honorable Chad Weddle, Casey County Sheriff  
Members of the Casey County Fiscal Court

**Independent Auditor's Report**

**Report on the Financial Statement**

We have audited the accompanying Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the Sheriff of Casey County, Kentucky, for the year ended December 31, 2020, and the related notes to the financial statement.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Audit Guide for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



The Honorable Randy Dial, Casey County Judge/Executive  
The Honorable Chad Weddle, Casey County Sheriff  
Members of the Casey County Fiscal Court

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, the financial statement is prepared by the Casey County Sheriff on the basis of the accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Casey County Sheriff, as of December 31, 2020, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Casey County Sheriff for the year ended December 31, 2020, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021, on our consideration of the Casey County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Casey County Sheriff's internal control over financial reporting and compliance.

Based on the results of our audit, we have presented the accompanying Schedule of Findings and Responses, included herein, which discusses the following report comments:

- 2020-001 The Casey County Sheriff's Office Did Not Have Adequate Segregation Of Duties Over Receipts, Disbursements, And The Reconciliation Process
- 2020-002 The Casey County Sheriff's Office Did Not Submit An Accurate Settlement

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

December 13, 2021

CASEY COUNTY  
CHAD WEDDLE, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2020

Receipts

State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)		\$	26,376
State Fees For Services:			
Finance and Administration Cabinet	\$	70,437	
Sheriff Security Service		4,684	
School Resource Officer		<u>42,208</u>	117,329
Circuit Court Clerk:			
Fines and Fees Collected			2,858
County Clerk - Delinquent Taxes			8,623
Commission On Taxes Collected			246,811
Fees Collected For Services:			
Auto Inspections		4,900	
Accident and Police Reports		925	
Serving Papers		13,980	
Carry Concealed Deadly Weapon Permits		<u>5,110</u>	24,915
Other:			
Add-On Fees		24,454	
Miscellaneous		<u>6,274</u>	30,728
Interest Earned			60
Borrowed Money:			
State Advancement			<u>50,000</u>
Total Receipts			507,700

The accompanying notes are an integral part of this financial statement.

CASEY COUNTY  
 CHAD WEDDLE, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2020  
 (Continued)

Disbursements

Operating Disbursements:

Personnel Services-

Deputies' Salaries	\$	36,668
Part-Time Salaries		68,637
Other Salaries		72,082
Overtime		7,055
KLEFPF		19,079
KLEFPF Overtime		825
School Resource Officer		43,475

Employee Benefits-

Employer's Share Social Security		5,212
Employer's Share Hazardous Duty Retirement		6,992

Contracted Services-

Advertising		836
Vehicle Maintenance and Repairs		11,793

Materials and Supplies-

Office Materials and Supplies		3,314
Uniforms		3,679
Officer Equipment		10,374

Auto Expense-

Gasoline		23,081
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Other Charges-

Conventions and Travel		450
Dues		507
Postage		4,457
Bond		203
Utilities		2,669
Miscellaneous		5,574
Prisoner Transports		3,703
Cell Phone		8,310
Computer Maintenance Fees		1,893
		<u>1,893</u>
	\$	340,868

Debt Service:

State Advancement		<u>50,000</u>
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Total Disbursements		<u>\$ 390,868</u>
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The accompanying notes are an integral part of this financial statement.



CASEY COUNTY  
CHAD WEDDLE, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
For The Year Ended December 31, 2020  
(Continued)

Net Receipts	\$ 116,832
Less: Statutory Maximum	<u>86,250</u>
Excess Fees Due County for 2020	30,582
Payment to Fiscal Court - March 1, 2021	<u>30,582</u>
Balance Due Fiscal Court at Completion of Audit	<u>\$ 0</u>

The accompanying notes are an integral part of this financial statement.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2020

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the sheriff as determined by the audit. KRS 134.192 requires the sheriff to settle excess fees with the fiscal court at the time he files his annual settlement with the fiscal court on or before September 1 of each year. KRS 64.830 requires an outgoing sheriff to settle excess fees with the fiscal court of his county by March 15 immediately following the expiration of his term of office.

The financial statement has been prepared on a regulatory basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis demonstrates compliance with the laws of Kentucky and is a special purpose framework. Under this regulatory basis of accounting, receipts and disbursements are generally recognized when cash is received or disbursed, with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2020 services
- Reimbursements for 2020 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2020

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the county treasurer in the subsequent year.

C. Cash and Investments

KRS 66.480 authorizes the sheriff's office to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2020  
(Continued)

Note 2. Employee Retirement System and Other Post-Employment Benefits

The sheriff's office has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

The sheriff's contribution for calendar year 2018 was \$5,351, calendar year 2019 was \$7,886, and calendar year 2020 was \$6,992.

Nonhazardous

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute six percent of their salary to be allocated as follows: five percent will go to the member's account and one percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute five percent of their annual creditable compensation. Nonhazardous members also contribute one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KRS Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 24.06 percent for the year.

Hazardous

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the KRS insurance fund.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2020  
(Continued)

Note 2. Employee Retirement System and Other Post-Employment Benefits (Continued)

Hazardous (Continued)

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute eight percent of their annual creditable compensation and one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a seven and one-half percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 39.58 percent for the year.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<b>Years of Service</b>	<b>% Paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

CASEY COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2020  
 (Continued)

Note 2. Employee Retirement System and Other Post-Employment Benefits (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536 with exception of COLA and retiree health benefits after July 2003.

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 78.5536 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

C. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

Once members reach a minimum vesting period of 15 years, earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

D. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KRS benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

CASEY COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2020  
 (Continued)

Note 2. Employee Retirement System and Other Post-Employment Benefits (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

E. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

F. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KRS will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

KRS Annual Financial Report and Proportionate Share Audit Report

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KRS also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

Note 3. Deposits

The Casey County Sheriff maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the sheriff's deposits may not be returned. The Casey County Sheriff does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of December 31, 2020, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2020  
(Continued)

Note 4. Drug Enforcement Account

Under the terms mandated by the Commonwealth of Kentucky, the Casey County Sheriff received proceeds from the confiscation, surrender or sale of real or personal property involved in drug related convictions. These funds are used exclusively for operating disbursements incurred for law enforcement against drug related activities and are not included in excess fees. On January 1, 2020, the account had a balance of \$78,481. During calendar year 2020, the sheriff had receipts totaling \$31,541 and disbursements totaling \$35,628, leaving a balance of \$74,394 as of December 31, 2020.

Note 5. Forfeiture Asset Account

The Casey County Sheriff's had an account for the deposit of funds forfeited as a result of court cases. Disbursements from this account are restricted in accordance with court orders related to each individual case. On January 1, 2020, the account had a balance of \$747. During calendar year 2020, the sheriff had receipts totaling \$10,441 and no disbursements, leaving a balance of \$11,188 as of December 31, 2020.

Note 6. Federal Forfeiture Property Account

The Casey County Sheriff had an account which is for receiving forfeited federal drug money. These funds are used to purchase law enforcement equipment, for training expenses, and for drug education programs. On January 1, 2020, the account had a balance of \$41,726. During calendar year 2020, the sheriff had receipts totaling \$104 and disbursements totaling \$21,856, leaving a balance of \$19,974 as of December 31, 2020.

Note 7. Donation Account

The Casey County Sheriff's office maintains an interest bearing donation account to account for private and public donations to the sheriff's office. On January 1, 2020, the account had a balance of \$475. During calendar year 2020, the sheriff's office received \$1,525 in donations and interest with no expenses, leaving a balance of \$2,000 as of December 31, 2020.

Note 8. Active Investigation Account

The Casey County Sheriff's office maintains a non-interest bearing account to hold funds seized during the course of law enforcement duties. The funds are held in trust until an appropriate judicial body adjudicates on their proper disposal. Upon adjudication funds may be returned or forfeiture and disbursed as directed by order of the court. On January 1, 2020, the account had a balance of \$10,324. During the calendar year 2020, the sheriff's office had receipts totaling \$4,972 and disbursements totaling \$5,543, leaving a balance of \$9,753 as of December 31, 2020.

Note 9. Vehicle Account

The Casey County Sheriff's office opened a bank account in 2020 to hold and disburse insurance claim proceeds as the result of totaling a sheriff's cruiser. The account was opened on August 31, 2020, with the deposit of \$29,431. During the calendar year of 2020, the sheriff's office had interest earned of \$18 and disbursements totaling \$4,159, leaving a balance of \$25,290 as of December 31, 2020.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2020  
(Continued)

Note 10. Short-term Debt

A. Direct Borrowing

The Casey County Sheriff's office received a state advancement in the amount of \$50,000. The balance of the state advancement was paid in full as of December 31, 2020.

B. Changes in Short-term Debt

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Direct Borrowings	<u>\$</u>	<u>50,000</u>	<u>50,000</u>	<u>\$</u>
Total Short-term Debt	<u>\$ 0</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 0</u>



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Randy Dial, Casey County Judge/Executive  
The Honorable Chad Weddle, Casey County Sheriff  
Members of the Casey County Fiscal Court

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the Casey County Sheriff for the year ended December 31, 2020, and the related notes to the financial statement and have issued our report thereon dated December 13, 2021. The Casey County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Casey County Sheriff's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Casey County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Casey County Sheriff's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2020-001 and 2020-002 to be material weaknesses.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With *Government Auditing Standards*  
(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Casey County Sheriff's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Responses as item 2020-002.

**Views of Responsible Official and Planned Corrective Action**

The Casey County Sheriff's views and planned corrective action for the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Casey County Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", followed by a horizontal line.

Mike Harmon  
Auditor of Public Accounts

December 13, 2021

## SCHEDULE OF FINDINGS AND RESPONSES

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CASEY COUNTY  
CHAD WEDDLE, SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 2020

FINANCIAL STATEMENT FINDINGS:

2020-001    The Casey County Sheriff's Office Did Not Have Adequate Segregation Of Duties Over Receipts, Disbursements, And The Reconciliation Process

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This is a repeat finding and was included in the prior year audit report as finding 2019-001. A lack of segregation of duties exists over receipts, disbursements, and the reconciliation process. The sheriff's bookkeeper collects payments from customers, prepares deposits, writes disbursement checks, posts transactions to both the receipt and disbursement ledgers, reconciles the monthly bank statements, and prepares all monthly and quarterly reports. The sheriff has implemented some compensating controls, however they are not sufficient to offset the control weakness noted due to a lack of segregation of duties.

According to the sheriff, a lack of segregation existed because a limited number of employees were available to properly segregate job duties. The lack of oversight could result in misappropriation of assets, occurrence of undetected errors, and inaccurate financial reporting to external agencies such as the Department for Local Government. Additionally, proper segregation of duties protects employees in the course of performing their daily responsibilities. Segregation of duties over receipts, disbursements, and the reconciliation process, or the implementation of compensating controls when needed because the number of staff is limited, is essential for providing protection from asset misappropriation and inaccurate financial reporting.

We recommend that the sheriff segregate duties over receipts, disbursements, and the reconciliation process. If segregation of duties is not feasible due to lack of staff, the sheriff should continue to implement and strengthen the documented compensating controls which have been put in place.

*Sheriff's Response: The official did not provide a response.*

2020-002    The Casey County Sheriff's Office Did Not Submit An Accurate Settlement

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The sheriff did not submit an accurate settlement since payroll expenses paid by the fiscal court were posted as fiscal court reimbursement even though those payments did not go through the 2020 fee account.

The sheriff's office reimburses the fiscal court for payroll if the sheriff has funds available but that reimbursement is not timely. The fiscal court sends a listing with the sheriff and deputy payroll checks showing the amounts due, but the reimbursement may be days later. For example, it was noted the sheriff had funds available in November and December but did not pay the fiscal court until after the end of the year.

The sheriff improperly posted the reimbursement to fiscal court in January 2021. The sheriff posted \$65,000 as a "Payroll Reimbursement" instead of posting the amounts to the correct line items that the check was reimbursing (such as Deputies Gross Salaries, etc.).

The bookkeeper believed it was acceptable that the sheriff's office reimburse the fiscal court when funds were available even if that was days later or after the calendar year ended since this is how she was trained.

Without timely and accurate accounting for payroll expenses the sheriff's office could spend more than he was approved for deputies and assistants which could create a personal liability for the sheriff.

CASEY COUNTY  
CHAD WEDDLE, SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2020  
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2020-002 The Casey County Sheriff's Office Did Not Submit An Accurate Settlement (Continued)

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KRS 134.160(2)(a) states, in part, “[t]he sheriff shall keep an accurate account of all moneys received and all disbursements made[.]”

KRS 134.192(11) states, in part, “the sheriff shall provide to the fiscal court by March 15 of each year a complete statement for the preceding calendar year, which includes: (a) A complete statement of all funds received by his or her office for official services...and... (b) A complete statement of all expenditures of his or her office[.]”

Good internal controls dictate the sheriff should ensure that the fee account have enough funds to pay expenses.

We recommend the sheriff strengthen internal controls of his office to ensure there is an accurate recording of receipts and disbursements in compliance with KRS 134.160(2)(a) and 134.192(11). For example, any check written to the fiscal court for payroll reimbursement should agree to documentation and be appropriately recorded on the quarterly report. Additionally, we recommend the sheriff consult with the county judge/executive and the county attorney to determine a better system of payroll reimbursement (such as an agreement in writing) so that he won't accidentally exceed his maximum approved salaries for deputies and assistants.

*Sheriff's Response: The settlement will be more detailed and recorded for what the dollar amount is in reference to the settlement.*